

## **Explanation of Third Obligations under Operating Fund Program for Calendar Year (CY) 2008**

The document describes the third obligations under the Operating Fund program for CY 2008. The funds under these obligations are expected to be available to public housing agencies (PHAs) in eLOCCS by July 1, 2008.

### **Obligation Period**

The third obligations cover an additional three month months, from July through September. The previous two funding obligations covered the first six months of 2008.

### **Estimated Proration**

The Consolidated Appropriations Act of 2008 provided \$4.194 billion in operating subsidies for CY 2008. The Department estimates total subsidy eligibility for CY 2008 of \$5.126 billion, which would result in subsidy proration of 82%. Final proration may be higher or lower than estimated based on final review and approval of actual 2008 submissions of PHA subsidy requests. A number of factors may influence a PHA's final CY 2008 subsidy eligibility, including but not limited to, changes in unit inventory and approved revisions.

### **Calculation of Projects' Subsidy Amount for the Third Funding Obligations**

Estimated CY 2008 subsidy eligibility for each PHA is the result of recalculating (1) the 2007 PEL by the 2008 inflation factor, (2) the 2007 UEL by the 2008 inflation factor, (3) adjusting for the 2008 transition funding schedule, and (4) holding other 2007 formula elements constant.<sup>1</sup> Eligibility was then allocated to projects based on each project's share of total units under the Annual Contributions Contract. This amount was then multiplied by 82% to reflect estimated proration and then adjusted to reflect nine months of obligation, minus any amount obligated in the previous six months funded.

### **Turnkey III and Mutual Help Projects**

For the Turnkey III and Mutual Help Projects, subsidy eligibility was based on the 2007 form HUD-53087 eligibility amount prorated by 82% for 9 months, minus the amount of any previous 2008 obligations to the project.

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<sup>1</sup> PHAs awarded "Stop Loss" status will have the full adjustments made in the 2008 final eligibility and funding at the end of September 2008.